Food-service political action committees:

Candidates may net $1M from industry coffers

By Laura Woda

WASHINGTON — Food-service industry political fund raisers are in position to contribute more than $1 million to Congressional and Presidential candidates during the final weeks of the 1984 election campaign.

An exclusive *Nation's Restaurant News* analysis of financial statements filed with the Federal Election Commission found that food-service "political action committees" have already donated over $650,000 to "pro-industry" candidates in key Federal and state races, and that contributions to PACs organized by more than two dozen restaurant chains and trade associations are flowing in at a rate 50% faster than during the 1982 campaign.

National Restaurant Association officials attribute the upsurge in food-service PAC contributions to a growing recognition by industry executives that the decisions made in Washington impact directly on their day-to-day business operations.

Since the 1982 elections, the President has signed a new law that penalizes states that do not set 21 as the legal drinking age, while Congress has debated whether to establish a youth subminimum wage rate, passed a controversial immigration reform measure and held hearings on the food industry's wide use of the now banned pesticide EDB, they pointed out.

NRA officials told *NRN* that the upcoming November elections are critical because the makeup of Congress will determine the outcome of several other important legislative battles facing the restaurant industry in 1985.

As Congress tries to reduce the exploding Federal deficit next year, business meal deductions may be in real jeopardy, they said. In addition Congress will probably have to raise taxes if it intends to lessen the nation's budgetary problems, NRA stated.

Industry leaders also predicted legislation increasing the minimum wage rate will turn up in the 1985 Congressional hopper, especially if Democratic Presidential nominee Walter Mondale—a longtime friend of organized labor—wins in November.

Other legislative battles facing restaurateurs range from the 1985 farm bill to persuading Congress to reform tip reporting requirements.

According to NRA, the industry's heightened political awareness has enabled restaurant trade associations and individual food-service chains to collect over $1.3 million for the 1984 elections—90% of their entire 1982 campaign war chest.

The restaurant industry's total 1984 campaign war chest, however, may easily top $2 million by election day as individual PACs intensify their fund-raising activities during the home stretch of the campaign.

Based on *NRN*'s survey of PAC reports on file with the F.E.C., this is a common strategy among food-service operators.

During the 1982 campaign, restaurant industry political fund raisers collected over 42% of their $1.5 million campaign war chest in the last five months of the election cycle.

According to NRA political fund raisers, the association expects to collect another $100,000 by election day 1984. At presstime NRA's PAC had raised over $75,000 for the upcoming elections.

NRA also plans on making more contributions to political candidates, especially nonincumbents, in the following months.

Because of the relatively "small" size of the PAC, NRA does not contribute to Presidential races. "We just do not have the amount of money necessary to make a difference in a Presidential campaign," a spokesman for NRA stated.

Other restaurant industry PACs do support challengers and Presidential candidates early in an election campaign, however.

At presstime, Papa Ginos had channeled $3,500 to five nonincumbent candidates, plus $500 to President Reagan's reelection campaign. Reagan also received campaign contributions from political fund raisers representing Ralston-Purina, Ponderosa, Greyhound, Pepsico and the American Hotel/Motel Association.

Ponderosa and Shoney also donated a total of $1,400 to the now aborted Presidential campaign of Sen. John Glenn.

Based on *NRN*'s survey of PAC reports covering the 1982 elections, these contributions may be just the tip of the iceberg.

At presstime, political fund raisers representing food-service operators had spent only 51% of their 1984 campaign war chest.

The 27 PACs tracked by *NRN* made 704 contributions totaling $548,837 to House and Senate candidates since the 1982 elections.

In addition, the PACs have channeled over $92,000 into state and local campaigns as well as $29,763 into allied industry fund-raising organizations run by NRA and AHMA.

(Continued on page 55)

FOOD-SERVICE INDUSTRY PAC CONTRIBUTIONS

PAC sponsor	$ contributions to: Democrats	$ contributions to: Republicans	# of contributions to: Democrats	# of contributions to: Republicans
Burger King	$ 0	$ 5,000	0	1
Carl Karcher	0	150	0	1
Greyhound	30,825	45,775	53	68
Hardee's	1,000	1,500	1	1
Heublein	1,500	1,500	2	2
Holiday Inns	4,000	18,500	4	17
International Assn. of Holiday Inns	12,500	34,500	0	37
International Multifoods Corp.	0	1,000	0	1
JB's Big Boy Family Restaurant	0	0	0	0
Jerrico	3,500	1,850	4	7
Magic Chef	0	2,000	0	2
Marriott	7,000	2,000	3	3
McDonald's	17,800	65,477	37	95
Morrison	3,600	21,857	7	31
Papa Ginos	0	6,000	0	9
Pepsico	9,300	50,588	18	43
Ponderosa	900	1,000	2	1
Ralston-Purina	200	3,615	1	6
Red Lobster	1,500	5,850	1	10
Shoneys	6,650	4,150	6	3
Steak & Ale	0	56,000	0	21
Stouffer	0	1,000	0	5
Whataburger	0	0	0	0
White Castle	0	4,950	0	9
Trade Associations				
American Hotel Motel Assn.	21,425	37,575	34	55
International Franchise Assn.	3,700	3,250	10	9
National Restaurant Assn.	11,750	29,700	19	42
Texas Restaurant Assn.	4,000	3,000	4	3
Totals:	141,150	407,787	222	482

Source: *NRN* research

How much top 10 contribute

WASHINGTON — Here's how the 10 most active PACs representing the food-service industry shape up:

- Shoney's, the largest restaurant industry PAC, has amassed a campaign war chest of over $226,000 for the upcoming November elections. At presstime, the Tennessee-based PAC only contributed $10,800 to nine Federal candidates—seven from Tennessee. However, political fund raisers did earmark nearly $70,000 for politicians primarily running for local or state offices in West Virginia, Tennessee and North Carolina.
- Greyhound, which has over $82,000 left in its campaign coffers, has paid out $76,600 to 121 Federal candidates and $9,910 to state and local politicians since the 1982 elections.
- The latest F.E.C. figures indicate that Steak & Ale's PAC has channeled $56,000 exclusively to Republicans running for Federal office, including $2,500 to Senate Labor and Human Resources Committee chairman Orrin Hatch (R-Utah).

(Continued on page 55)

Culinary union donations down from 1982 level

WASHINGTON — In contrast to the sharp increase in political fund-raising efforts by restaurant chains and industry trade associations, PAC collections by the Hotel Employees and Restaurant Employees International Union are falling below 1982 levels.

NRN's survey of disclosure statements filed with the Federal Election Commission late last month found that the culinary union has collected $126,494 to support "pro-labor" candidates this fall—down from almost $130,000 during the same point in the 1982 election.

Although the drop may partially reflect rank and file disenchantment with top union officials following two years of Congressional hearings into alleged organized crime influence at the International, HEREIU Washington legislative representative Robert Juliano attributed declining PAC collections to the recent Nevada hotel strike.

"The long and costly Las Vegas strike diverted our attention and financial resources away from the upcoming elections," he explained.

However, Juliano was confident that PAC collections would increase once the candidates begin their last months of campaigning.

At presstime HEREIU's PAC was also considering whether to support a Presidential candidate.

"The PAC did not get involved in the Democratic primary races because all the Presidential candidates are friends," Juliano stated. "Consequently, we would have had to contribute to all the candidates equally—which would have drained our limited resources," he added.

Juliano, however, stressed that the PAC is encouraging its members to register for the upcoming November elections and vote.

(Continued on page 55)

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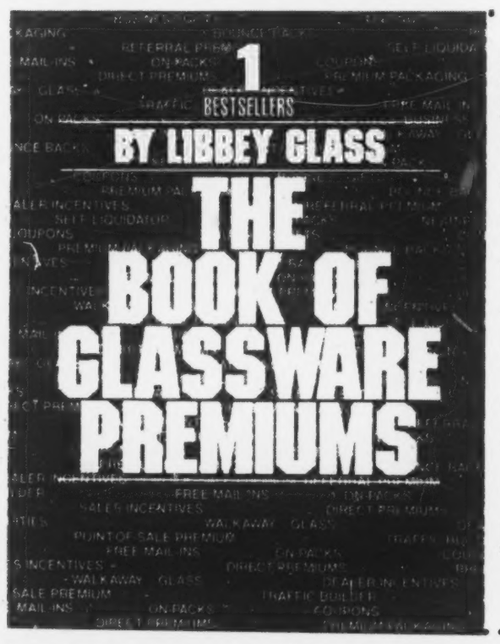

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Industry PAC contributions up

(Continued from page 53)

NRN's analysis also found that the PACs tilted more heavily toward G.O.P. candidates in 1982 and appear to be following the same policy this year.

During the 1982 Congressional races, Republican candidates received 73% of the over $1 million earmarked for Federal office seekers.

The latest F.E.C. filings indicate that Republicans running for Federal office this year are getting more than 75% of the contributions made by restaurant industry PACs.

Moreover, the average size of the individual contribution to Democrats ($636) is appreciably less than the average donation to Republican candidates ($846).

Based on the most recent PAC reports, restaurant-industry political fund-raising groups still have over $1 million left in their campaign coffers. Part of that money, $402,349, was left over from the 1982 election campaign.

At presstime, political fund raisers at Whataburger and JB Big Boy's Family Restaurant had not made any Federal contributions, while PACs representing Carl Karchers, Burger King, Hardee's, Heublein, Magic Chef, Ponderosa, Ralston-Purina, International Multifoods Corp., Jerrico, Papa Ginos, Red Lobster, the International Franchise Association and the Texas Restaurant Association each contributed less than $8,000 to Federal office seekers.

SIZE OF FOOD-SERVICE PAC 'WARCHESTS'

Sponsor	PAC Collections For '84 Campaign	$ on Hand From '82 Elections	PAC Contributions To: Federal Candidates	State Candidates	Other Industry PAC's	Admin. Costs	$ Available For '84 Campaign
Burger King	$ 38,039	$ 5,553	$ 5,000	$ 0	$ 0	$ 520	$ 38,072
Carl Karcher	5,187	1,266	150	0	0	0	6,303
Greyhound	128,247	42,160	76,600	9,910	1,000	208	82,689
Hardee's	24,996	2,236	2,500	0	1,000	350	23,283
Heublein	6,757	6,626	3,000	0	0	0	10,383
Holiday Inns	26,211	3,803	22,500	6,310	0	567	627
International Assoc. of Holiday Inns	82,328	23,505	47,000	0	5,506	2,539	50,788
International Multifoods Corp.	2,609	4,324	1,000	0	0	0	5,933
JB's Big Boy Family Restaurant	1,183	1,708	0	0	0	0	2,891
Jerrico	38,004	14,777	5,350	0	4,800	414	42,217
Magic Chef	50,244	12,110	2,000	0	0	96	60,258
Marriott	76,159	3,128	9,000	0	10,000	2,288	57,999
Motel Assn.	90,797	32,293	59,000	0	0	5,403	58,687
International Franchise Assn.	21,209	4,090	6,950	0	0	415	17,934
National Restaurant Assn.	75,423	8,646	41,450	0	0	4,075	38,544
Texas Restaurant Assn.	7,500	58	7,000	0	0	39	519
Totals:	$1,385,363	$402,349	$548,937	$92,626	$29,763	$39,810	$1,076,576

Source: *NRN* research

A PIZZA-PIE EYE PEELED FOR CRIME

Napoli's Pizza, a chain in Ohio and West Virginia, has become part of a Fleetwatch program with the Parkersburg, W. Va., Police. Above, Randy Valentine, left, a Napoli's delivery boy, Napoli's vice president Ralph Waldeck are introduced to the program by Parkersburg Police Officer Linda Reed and Sgt. Alan Barnette. The program is a rolling neighborhood watch. If the delivery people spot something wrong, they radio the store who contact the police.

Culinary union donations down from 1982 levels

(Continued from page 53)

According to union officials, if Mondale is elected, HEREIU will benefit because he "will set a tone of fairness for his administration that has been missing under President Reagan.

"It will be harder for industry leaders to use illegal tactics to block a legal union election" if Mondale becomes President, he added.

Although Juliano maintained that the HEREIU PAC is not partisan, at presstime the union had contributed to 98 Democrats and only 7 Republicans.

Based on the latest F.E.C. figures, Democrats received $73,249 of the $76,899 spent by the HEREIU PAC since the 1982 elections.

During the 1982 Congressional races, 165 Democrats received $136,318 while the union's PAC channeled only $12,300 to 15 G.O.P. candidates.

How much top 10 contribute

(Continued from page 53)

- PepsiCo's fund raising group has spent 60% of its $98,928 campaign war chest on 61 Federal candidates since the 1982 elections.
- McDonald's, the most active PAC in terms of Federal contributions, gave 78% of its donations to G.O.P. candidates. At presstime, the PAC still had over $27,000 left in its campaign coffers.
- Political fund raisers at the International Association of Holiday Inns have collected $82,328 for the upcoming November elections. At presstime, the PAC channeled $47,000 to 50 Federal office seekers, including $2,000 to the Presidential campaign of Sen. John Glenn (D-Ohio).
- Marriott political fund raisers have held back on their 1984 campaign contributions, donating only $9,000 to Federal candidates since the 1982 elections. However, the PAC has transferred $10,000 to allied industry PACs, including NRA and AHMA.
- The latest F.E.C. figures show Morrison's PAC has collected $60,225 for the upcoming November elections.
- Magic Chef, one of the least active food-service industry PACs, made only two contributions to Federal candidates totaling $2,000 since the 1982 elections. As of the latest F.E.C. filings, the PAC still had over $60,000 left in its campaign war chest.
- Although Red Lobster's PAC raised nearly $40,000 for the upcoming November elections, at presstime it had spent only $8,010. Sen. John Glenn (D-Ohio) was the only Democrat to receive a campaign contribution from the PAC.

NRA kit aimed at stopping drunk driving

WASHINGTON — As a service to its members and other interested restaurateurs, the National Restaurant Association is offering an information package entitled "Help Prevent Drunk Driving."

The package contains a restaurateur's guide to prevent drunk driving, a "Know Your Limit" chart, order form and table tent, and key facts about the designated driver program; liquor liability; training of servers and management; reducing the effects of alcohol through the alcohol beverage/food combination; service of suggested snacks with alcoholic beverages; the growing "alternative drinks" market, and nonalcoholic mixed-drink recipes for bartenders.

For further information on the program or the information package itself, contact Jeff Prince, senior director, the National Restaurant Association, 311 First St., N.W., Washington, D.C. 20001, or call 202-638-6100.

U.S. to have group exhibit at show

DUSSELDORF, West Germany — For the first time there will be a United States group exhibit at a HOGATEC show—HOGATEC '84—the international trade show for hotels, restaurants and catering to be held here Nov. 12 to 16.

The show, held every two years, is cosponsored by the National Association of Food Equipment Manufacturers (NAFEM) and Dusseldorf Trade Shows, the United States office of the fair's organizer. For more information, contact Dusseldorf Trade Shows, 500 Fifth Ave., New York, N.Y. 10010. Telephone: 212-840-7744.

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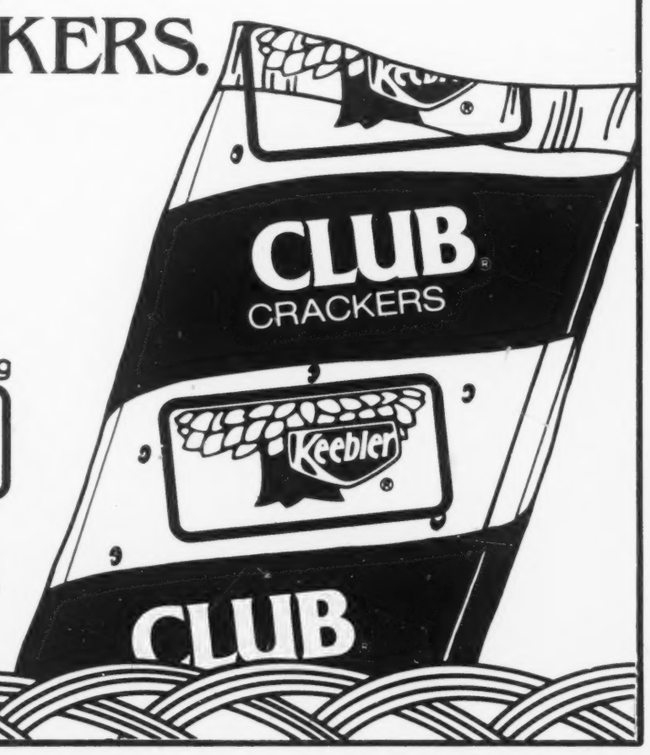

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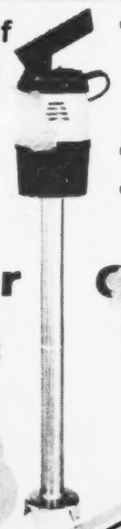

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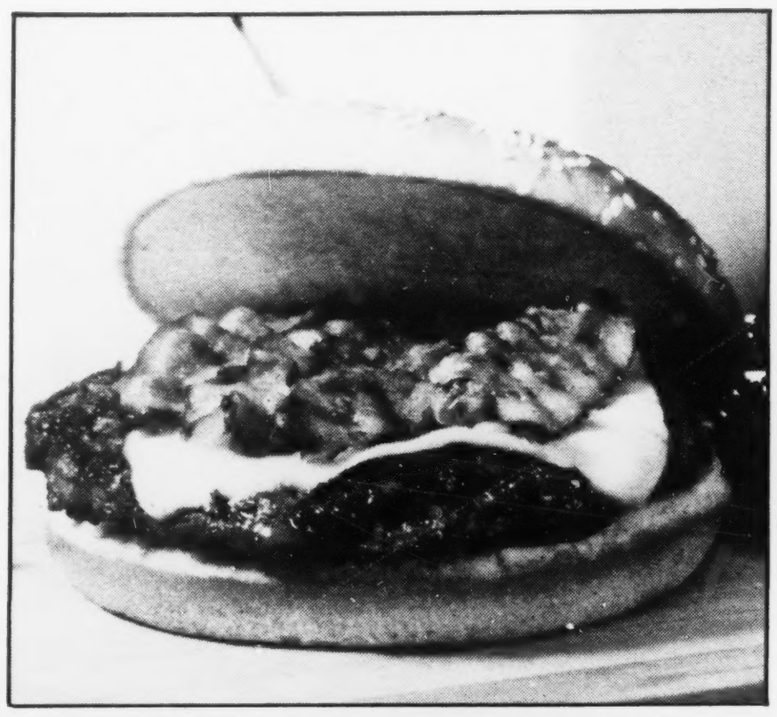
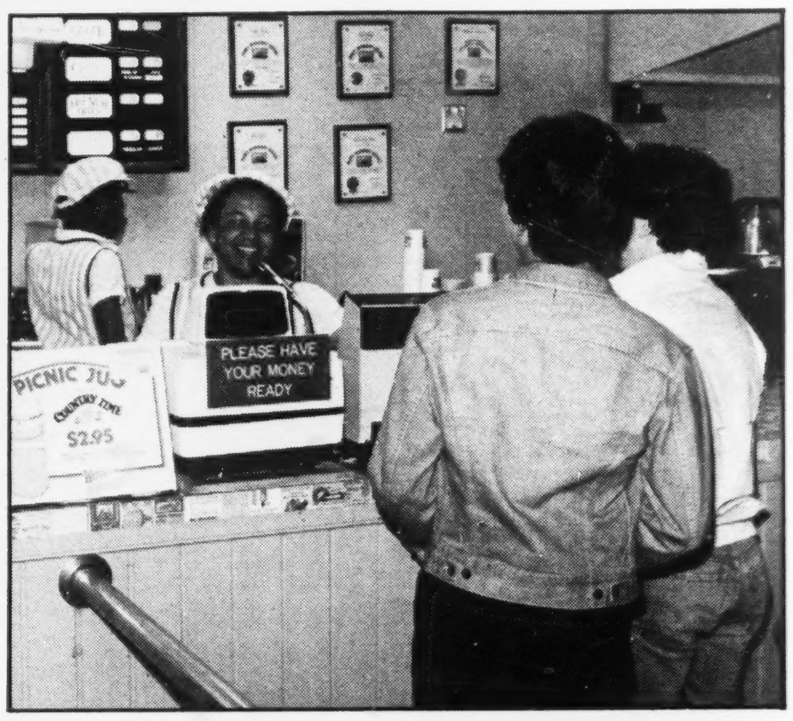
CHAIN ANALYSIS/PART II

MENU MIX STUDY





Burgers still undisputed king of the food-service roost

By Charles Bernstein

Fast-food burger chains are sharply outpacing coffee shop/family restaurants, and presumably other segments, too, in sales and profit growth as well as in traffic increases, a comprehensive *Nation's Restaurant News* survey of leading chains in each category indicates (the specific names of the chains are being kept confidential, as agreed to in the survey).

Key burger chains have jumped approximately 10.6% in average per-unit sales during the past year, to $878,000. This actually tops the estimated $875,000 average for coffee shop chains, which show an 8.3% average per-unit sales rise.

Considering that investment costs and labor costs are far lower for the leading burger chains, it is no wonder that their average pretax profits have jumped to 10.4% of sales, compared with a smaller increase to 9% for the leading coffee shop chains.

One reason for the leading burger chains' surge is simply that their average per-person check today is about $2.70, compared with $3.95 for the coffee shops. Burger chain price rises have averaged 4.2% in the past year while coffee shops jumped 4.7%. More important, the customer's perception apparently is that the burger chains are offering more value.

But three other factors actually have been more responsible for the rapid climb on the burger front, which has demonstrated that (despite the assertions of pizza and chicken supporters) burgers still are king.

First, the tremendous series of burger advertising battles and special promotions among the Big 3 and others have benefited all. The "Where's the Beef?" type of question has merely caused far more customers to talk about their favorite or unfavorite burgers and burger chains and has in turn helped all the chains—even more so than it has helped Walter Mondale.

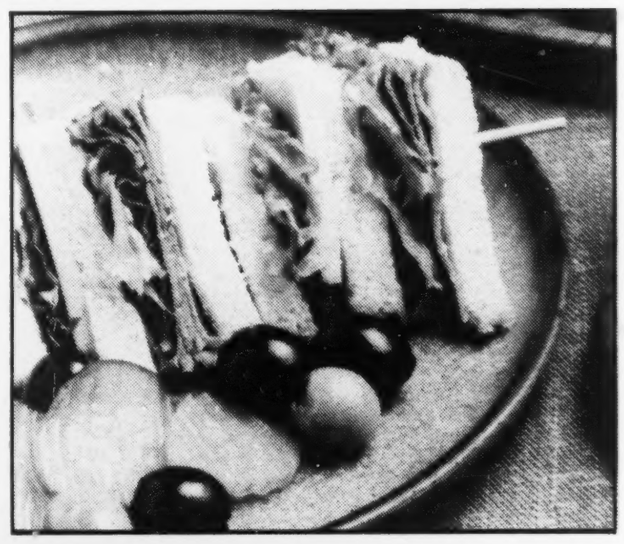
Second, burger chains have been pouring in new nonburger menu offerings at a relatively dizzying pace to stimulate customer appetites for variety. Baked potatoes, with numerous toppings available, and Chicken McNuggets are two prime examples.

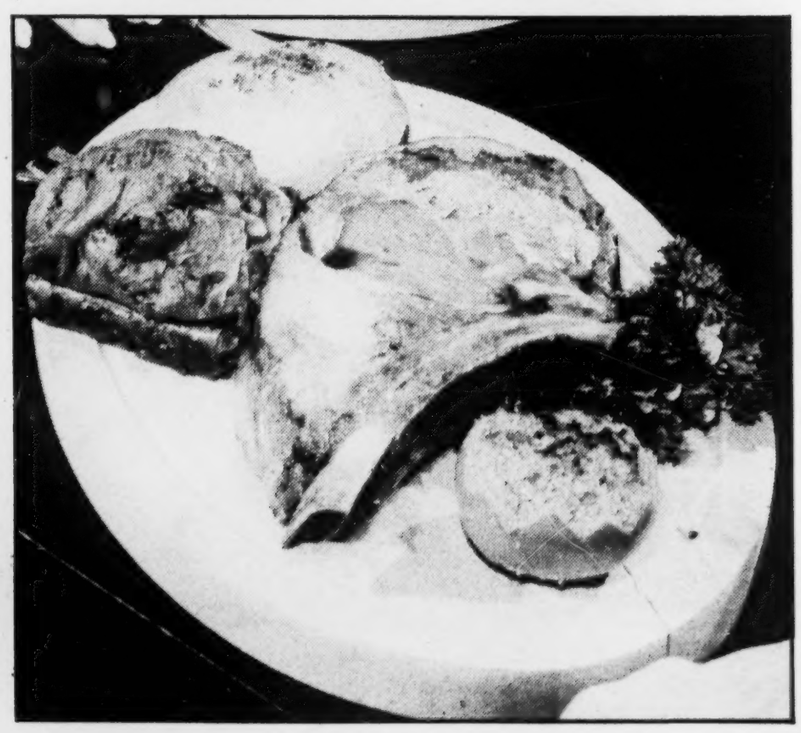
Finally, with the easing of inflation, consumers are splurging on big ticket purchases such as houses, cars and major appliances. This is virtually all financed on installment loans, leaving consumers more heavily in debt and anxious of necessity to spend less for any meal if it's the right value.

'Coffee shops might do better if they would capitalize on their strongest meal—breakfast.'

These figures also suggest, however, that coffee shops might do better if they would capitalize on their strongest meal—breakfast—rather than try to build up dinner item sales. Buoyed by breakfast bars and brunches, breakfast items have climbed to 30.8% of the sales mix of the leading coffee shop chains.

(Continued on page 66)





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CHAIN ANALYSIS/PART II: PRICE INDEX

Timely price bulge favors food service

A bulge in the rate of price increases for wholesale food at just the right time has given food service a nice advantage for the moment in the unending battle with supermarkets.

Food-away-from-home prices have been climbing fairly steadily all year at a rate just a bit over 4% a month. Right now eating out costs on average about 4% more than it did this time last year.

But wholesale food prices, which supermarkets have no choice but to pass along, have been moving up significantly faster all year—after having remained relatively flat for all of 1983.

Year-to-date wholesale food prices aren't much below 6% more than they were at last year's midpoint.

As long as this bulge in wholesale food prices over eating-away-from-home prices holds, food service will have an easily exploitable advantage in their battle to keep the food stores at bay.

The differential gives operators in most segments some breathing room to concentrate on other key cost areas: labor, financing and occupancy, including energy.

Historically customers have been shepherded back and forth from restaurant to food store or food store to restaurant by the relative rate of price increases

(Continued on page 66)

PRICE INDEX FOR FOOD AWAY FROM HOME

1979 to June 1984 (1967 = 100.0)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1979 Index	230.2	233.4	236.0	238.4	241.1	242.7	244.9	246.5	247.6	249.6	251.3	253.4
1980 Index	256.1	258.3	260.9	263.0	264.6	266.6	267.8	269.5	271.4	273.1	275.3	277.7
1981 Index	280.9	284.7	286.1	288.2	289.3	290.6	292.4	293.7	294.8	296.2	297.2	297.7
1982 Index	299.8	301.2	302.4	303.6	304.8	305.9	307.6	308.7	309.8	310.7	311.4	312.6
1982/1981 % Change in Menu Price by Month	6.73	5.80	5.70	5.34	5.36	5.26	5.20	5.11	5.09	4.90	4.78	5.00
1982/1981 % Change in Menu Price Year to date	6.73	6.26	6.07	5.89	5.78	5.69	5.62	5.56	5.50	5.44	5.38	5.35
1983 Index	314.5	315.2	316.5	318.0	318.6	319.3	319.8	321.0	322.2	323.9	324.8	325.5
1983/1982 % Change in Menu Price by Month	4.90	4.65	4.66	4.74	4.53	4.38	3.97	3.98	4.00	4.25	4.30	4.13
1983/1982 % Change in Menu Price Year to Date (Cumulative)	4.90	4.78	4.74	4.74	4.70	4.64	4.54	4.47	4.42	4.40	4.39	4.37
1984 Index	327.2	328.5	329.8	330.9	332.6	333.1						
1984/1983 % Change in Menu Price by Month	4.04	4.22	4.20	4.06	4.39	4.32						
1984/1983 % Change in Menu Price Year to Date (Cumulative)	4.04	4.13	4.15	4.13	4.18	4.20						

Source: *NRN* Research

PRICE INDEX FOR WHOLESALE FOOD

1979 to June 1984 (1967 = 100.0)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1979 Index	219.7	224.5	225.4	227.5	226.4	223.9	225.0	224.5	228.2	226.8	229.9	232.1
1980 Index	231.1	235.7	234.7	231.7	237.4	237.7	245.4	253.9	254.2	258.3	259.3	253.9
1981 Index	255.8	253.9	253.2	251.6	250.3	252.2	255.5	253.7	251.7	249.4	247.8	247.6
1982 Index	252.0	253.5	251.6	254.4	257.9	259.0	256.8	255.9	255.4	252.9	252.1	252.7
1982/1981 % Change in Wholesale Price by Month	−1.49	−0.16	−0.67	1.11	3.04	2.70	0.51	0.87	1.47	1.40	1.74	2.06
1982/1981 % Change in Wholesale Price Year to Date	−1.49	−0.82	−0.77	−0.31	0.36	0.74	0.71	0.73	0.81	0.87	0.95	1.09
1983 Index	252.4	254.7	255.5	258.1	258.2	256.5	256.4	257.5	261.0	261.1	258.0	260.0
1983/1982 % Change in Wholesale Price by Month	0.16	0.47	1.55	1.45	0.12	−0.97	−0.16	0.62	2.19	3.24	2.34	2.89
1983/1982 % Change in Wholesale Price Year to Date	0.16	0.32	0.73	0.91	0.75	0.46	0.40	0.40	0.60	0.86	1.00	1.15
1984 Index	268.3	270.3	273.5	271.6	269.8	267.6						
1984/1983 % Change in Wholesale Price by Month	6.30	6.12	7.04	5.23	4.49	4.33						
1984/1983 % Change in Wholesale Price Year to Date	6.30	6.21	6.49	6.17	5.83	5.58						

Source: *NRN* Research

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CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

Tightly run coffee shops keeping margins healthy

Moderate food costs and a sharp eye on administrative and advertising/promotion expenses are helping family restaurants and coffee shops hang on to one of the widest margin levels they've enjoyed recently.

Despite a definitely sluggish level of business compared to that enjoyed by fast-food competitors, the coffee shop segment has, nonetheless, shared in the nation's economic good fortune.

While food costs slipped another 0.7% this year after a 0.7% fall-off a year ago, margins have risen to a 9% pretax level.

The gain represents the second year in a row that family restaurants have managed to widen their margins, despite chronic difficulties in matching the unit sales growth and marketing initiatives that have characterized the fast-food segment.

'The gain represents the second year in a row that family restaurants have managed to widen their margins.'

The prognosis for the family restaurant group continues, however, to have a murky aspect. Labor costs are creating a definite squeeze. Lower than usual levels of advertising and promotion can hardly be called healthy. And interest rate instability looms as a threat.

INSIDE STATISTICS OF FAMILY RESTAURANTS/COFFEE SHOPS

	1982	1983	1984*
Cost Profile			
Menu Price Changes	6.1%	5.5%	4.7%
Food Cost**	2.1	1.5	4.6
Labor Cost Increases	3.5	3.6	3.4
Consumer Profile			
Age Distribution			
Under 25	26.8%	24.1%	22.3%
25-49	46.0	46.6	45.9
50+	27.2	29.3	31.8
Total	100.0%	100.0%	100.0%
Income Distribution			
Under $8,000	8.2%	7.6%	6.2%
$8,000-$14,999	28.5	24.1	15.0
$15,000-$24,999	38.1	40.2	30.1
$25,000+	25.2	28.1	48.7
Total	100.0%	100.0%	100.0%
Sales Percentage Breakdown			
Breakfast	21.1%	23.6%	25.7%
Lunch	32.0	29.2	31.2
Dinner/Supper	30.2	33.7	30.1
Other	16.7	13.5	13.0
Total	100.0%	100.0%	100.0%

Source: *NRN* Research

*NRN estimate

**Due to wholesale price changes

OPERATING HIGHLIGHTS OF FAMILY RESTAURANTS/COFFEE SHOPS

	1983	1984*
Food Sales	100.0%	100.0%
Food	32.2	31.5
Supplies	3.2	3.2
Labor	28.0	29.1
Utilities	4.6	4.8
Advertising, Promotion	3.6	2.6
Administrative, General	6.5	6.5
Repairs, Maintenance	1.2	1.7
Rent, Property Tax, Insurance	8.1	7.9
Depreciation	2.8	2.8
Interest	1.3	0.9
Total	91.5%	91.0%
Pretax Profit	8.5	9.0

Source: *NRN* Research

*NRN estimate

Burger chains outpacing family restaurants

(Continued from page 63)

These chains have managed to increase their percentage of customers in the critical 25 to 49 age group, from 52.7% to 53.5%, in the past year. At the same time the proportion of customers over 50 years old has jumped from 20.2% to 21.8%. In the process the under-25's have dipped from 27.1% to 24.7%.

'With the easing of inflation, consumers are splurging on big ticket items . . . and interest rate instability looms as a threat.'

As might be expected, based on the ascending ages of fast-food customers, income levels are higher: 35.7% of the customers are in the $15,000 to $24,999 family income bracket, and 39.5% have incomes over $25,000.

However, coffee shops have seen their proportion of 25 to 49 customers dip from 46.6% to 45.9% and of the highly sought $15,000 to $24,999 group, plummet from 40.2% to 30.1%.

The figures are all the more surprising since with the demise of Sambo's, which was bringing down the averages with pathetic $400,000 average per-unit volumes, coffee shops still haven't gained much ground.

Timely price bulge benefits operators

(Continued from page 65)

of one sector vs. the other.

Of course at some point food service operators, too, although they're not under the same immediate pressure to boost retail prices that supermarkets are, will have to bow to the mounting pressure of rising food prices.

Meanwhile their cause is aided in some instances by taste preferences shifting to lower-cost foods: chicken, potatoes, pasta, Mexican food and so on.

This grants some leeway to catering to the demand for more fresh foods and to adding labor in special situations, such as at salad bars.

In any case what has been a critical concern for the industry for several months appears now to have eased substantially.

'It appears independents are losing ground in the battle for breakfast business.'

AVERAGE BOX SCORE ON CHAINS—1981-84

	Burger Chains				Family Restaurants and Coffee Shops			
	1981	1982	1983	1984*	1981	1982	1983	1984*
Average Check per Person	$2.40	$2.45	$2.50	$2.70	$3.65	$3.75	$3.84	$3.95
Average Annual Sales per Unit	$659,000	$728,000	$794,352	$877,656	$675,000	$743,000	$808,288	$874,640
Average % Food Costs to Sales	35.1	34.6	34.4	33.3	34.9	32.9	32.2	31.5
Average % Payroll Costs to Sales	24.8	24.6	24.5	24.0	28.8	28.0	28.0	29.1
Average % Pretax Profit	8.5	9.0	9.4	10.4	5.3	8.2	8.5	9.0
Average % Menu Price Increase in Last Year	9.2	5.1	3.8	4.2	9.6	6.1	5.5	4.7
Main Specialty Item	Burger	Burger	Burger	Burger	Breakfast	Breakfast	Breakfast	Breakfast
% of Sales of Specialty Item	11.9	11.7	12.0	10.5	26.1	28.2	28.4	30.8

Source: *NRN* Research

*NRN estimate

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CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

TOP SELLERS AT FAMILY RESTAURANTS AND COFFEE SHOPS

Menu Items	Average Weekly Dollars per Restaurant 1983	1984*	Per Cent of Total Sales 1983	1984*	Average Number of Items Sold per Week 1983	1984*	Per Cent of Items Sold 1983	1984*
Breakfast	$ 4,412	$ 5,180	28.4%	30.8%	2,026	2,251	18.1%	18.5%
Platters/Salads	2,643	3,238	17.0	13.9	1,011	837	9.0	6.9
Beverages	2,812	2,380	18.1	19.5	5,180	6,013	46.3	49.4
Sandwiches	2,176	2,541	14.0	15.1	1,216	1,338	10.9	11.0
Dinners	2,211	2,086	14.2	12.4	481	421	4.3	3.5
Desserts	622	672	4.0	4.0	565	584	5.1	4.8
Chili/Soup/Side Orders	668	723	4.3	4.3	703	723	6.3	5.9
Totals	$15,544	$16,820	100.0%	100.0%	11,182	12,167	100.0%	100.0%

Source: *NRN* Research

**NRN* estimate

BREAKFAST: 30.8% OF 1984 SALES

Menu Items	Average Weekly Dollars per Restaurant 1983	1984*	Per Cent of Total Sales 1983	1984*	Average Number of Items Sold per Week 1983	1984*	Per Cent of Items Sold 1983	1984*	Average Menu Prices 1983	1984*
Eggs	$ 697	$ 798	15.8%	15.4%	332	371	16.4%	16.4%	$2.10	$2.15
Omelets	812	964	18.4	18.6	285	305	14.1	13.5	2.85	3.16
Baked Goods	243	290	5.5	5.6	347	382	17.1	17.0	0.70	0.76
Pancakes	406	465	9.2	9.0	208	236	10.3	10.5	1.95	1.97
Waffles	75	88	1.7	1.7	44	42	2.2	1.9	1.70	2.10
French Toast	105	129	2.4	2.5	57	60	2.8	2.7	1.85	2.15
Cereals	49	62	1.1	1.2	58	70	2.9	3.1	0.85	0.89
Other	150	166	3.4	3.2	143	157	7.0	6.7	1.05	1.10
Meat Breakfast	666	794	15.1	15.3	180	209	8.9	9.3	3.70	3.80
Combo Breakfast	1,209	1,424	27.4	27.5	372	425	18.3	18.9	3.25	3.35
Totals	$4,412	$5,180	100.0%	100.0%	2,026	2,257	100.0%	100.0%		

Source: *NRN* Research

**NRN* estimate

PLATTERS/SALADS: 13.9% OF 1984 SALES

Menu Items	Average Weekly Dollar per Restaurant 1983	1984*	Per Cent of Total Sales 1983	1984*	Average Number of Items Sold per Week 1983	1984*	Per Cent of Items Sold 1983	1984*	Average Menu Prices 1983	1984*
Specialty Burger	$ 745	$ 644	28.2%	27.5%	276	225	27.3%	26.9%	$2.70	$2.86
Burger Platter	360	305	13.6	13.1	150	115	14.8	13.7	2.40	2.65
Fish Platter	256	237	9.7	10.1	109	91	10.8	10.9	2.35	2.60
Chicken Platter	231	194	8.7	8.4	84	67	8.3	8.0	2.75	2.90
Chili Platter	107	105	4.0	4.5	61	55	6.0	6.6	1.75	1.90
Diet Platter	404	366	15.3	15.6	137	120	13.6	14.3	2.95	3.05
Chef Salad	459	417	17.4	17.8	164	139	16.2	16.6	2.80	3.00
Other Platters	81	70	3.1	3.0	30	25	3.0	3.0	2.70	2.80
Totals	$2,643	$2,338	100.0%	100.0%	1,011	837	100.0%	100.0%		

Source: *NRN* Research

**NRN* estimate

Despite increased competition from fast feeders, family restaurants can expect to continue to flex their muscles at breakfast. Platters—particularly specialty burgers—continue to slip in the overall menu mix, but beverages and sandwiches have gained ground.

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CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

BEVERAGES: 19.5% OF 1984 SALES

Menu Items	Average Weekly Dollars per Restaurant 1983	1984*	Per Cent of Total Sales 1983	1984*	Average Number of Items Sold per Week 1983	1984*	Per Cent of Items Sold 1983	1984*	Average Menu Prices 1983	1984*
Coffee	$1,263	$1,414	44.9%	43.1%	2,526	2,828	48.7%	47.0%	$0.50	$0.50
Carbonated Drinks	692	860	24.6	26.3	1,153	1,438	22.2	23.9	0.60	0.60
Milk	284	328	10.1	10.0	516	596	10.0	9.9	0.55	0.55
Juices	278	321	9.9	9.8	397	458	7.7	7.6	0.70	0.70
Tea	87	108	3.1	3.3	174	216	3.4	3.6	0.50	0.50
Iced Tea	121	144	4.3	4.4	242	288	4.7	4.8	0.50	0.50
Hot Chocolate	51	59	1.8	1.8	106	111	2.0	1.9	0.48	0.53
Other Beverages	36	43	1.3	1.3	66	78	1.3	1.3	0.55	0.55
Totals	$2,812	$3,280	100.0%	100.0%	5,180	6,013	100.0%	100.0%		

Source: *NRN* Research

**NRN* estimate

SANDWICHES: 15.1% OF 1984 SALES

Menu Items	Average Weekly Dollars per Restaurant 1983	1984*	Per Cent of Total Sales 1983	1984*	Average Number of Items Sold per Week 1983	1984*	Per Cent of Items Sold 1983	1984*	Average Menu Prices 1983	1984*
Specialty Burger	$ 481	$ 512	22.1%	20.2%	229	235	18.8%	17.6%	$2.10	$2.18
Plain Burger	339	409	15.6	16.1	234	273	19.3	20.4	1.45	1.50
Cheeseburger	285	340	13.1	13.4	184	200	15.1	14.9	1.55	1.70
Bacon/Lettuce/ Tomato	168	191	7.7	7.5	86	87	7.1	6.5	1.95	2.20
Grilled Cheese	130	153	6.0	6.0	84	93	6.9	7.0	1.55	1.65
Fish	205	245	9.4	9.6	100	114	8.2	8.5	2.05	2.15
Ham	133	156	6.1	6.1	62	68	5.1	5.1	2.15	2.30
Other Sandwiches	381	470	17.5	18.5	173	200	14.2	14.9	2.20	2.35
Frankfurters	54	65	2.5	2.6	64	68	5.3	5.1	0.85	0.95
Totals	$2,176	$2,541	100.0%	100.0%	1,216	1,338	100.0%	100.0%		

Source: *NRN* Research

**NRN* estimate

DINNERS: 12.4% OF 1984 SALES

Menu Items	Average Weekly Dollar per Restaurant 1983	1984*	Per Cent of Total Sales 1983	1984*	Average Number of Items Sold per Week 1983	1984*	Per Cent of Items Sold 1983	1984*	Average Menu Prices 1983	1984*
Steaks	$ 438	$ 406	19.8%	19.4%	70	65	14.6%	15.4%	$6.25	$6.25
Chicken	450	416	20.4	20.0	106	90	22.0	21.4	4.25	4.62
Chopped Steak	158	153	7.1	7.4	40	36	8.3	8.6	3.95	4.25
Roast Beef, Turkey	329	307	14.9	14.7	70	62	14.6	14.7	4.70	4.95
Shrimp	250	242	11.3	11.5	48	44	10.0	10.4	5.20	5.50
Other Seafood	406	394	18.4	18.9	99	82	20.5	19.5	4.10	4.80
Other Dinners	180	168	8.1	8.1	48	42	10.0	10.0	3.75	4.00
Totals	$2,211	$2,086	100.0%	100.0%	481	421	100.0%	100.0%		

Source: *NRN* Research

**NRN* estimate

After a dramatic increase in 1983, dinners have begun to slip as a percentage of overall sales, with only seafood and chopped steak showing any improvement. Soda, meanwhile, has rebounded as a beverage of choice, helping to boost overall beverage sales.

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CHAIN ANALYSIS/PART II: BURGERS

Low inflation rate, level food costs keep menu hikes down, margins up

Burger chains, because of only a moderate rate of increase in food prices, have held the line again this year on menu hikes and concurrently reaped a $1,600-a-week average unit sales increase and a full percentage point gain in pretax margins to 10.4%.

Menu prices are up 4.2% over last year, but such increases are moderate when compared to the inflation-driven hikes of 8.9% in 1981 and 5.1% in 1982 that the segment sustained.

Some other things that may have given a push to burger business this year are, of course, heavier than ever advertising and measurable trading down by older, more affluent customers.

Advertising and promotion spending by the burger chains is up to 4.8% of sales. Last year the same companies spent 4.5% of their sales dollars for ad promo spending. In 1982 the level was 4.4%.

Demographic shifts are obviously affecting the burger segment, with the aging population influencing reformulated marketing efforts and determining, to some extent, the kinds of new products offered.

At the same time the burger chains are reporting that their customers not only are older but also have more cash to spend.

This year 39.5% of burger chain customers are in the $25,000-plus annual income category—a significant jump from last year's 36.3%. In 1982 only 33.2% of this group's customers fitted the $25,000-plus annual income category.

Breakfast

Definitely important to the industry as a whole is the burger chains' apparent success at pulling in heretofore-neglected breakfast business.

Breakfast meals accounted for 14% of the total mix this year as such chains as Burger King and Arby's pressed hard to get into the fray with McDonald's and Hardee's.

Since the family restaurants' breakfast share is also building, it appears independents are losing ground in the battle for breakfast business.

INSIDE STATISTICS OF BURGER CHAINS

	1982	1983	1984*
Cost Profile			
% Menu Price Changes	5.1%	3.8%	4.2%
% Food Cost*	2.9	1.5	4.5
Labor Cost Increases	3.8	3.6	3.4
Customer Profile			
Age Distribution			
Under 25 Years Old	24.3%	27.1%	24.7%
25-49 Years Old	56.6	52.7	53.5
50 Years Old +	19.1	20.2	21.8
Income Distribution			
Under $8,000	11.6%	7.9%	4.7%
$8,000-$14,999	23.2	22.8	20.1
$15,000-$24,999	32.0	33.0	35.7
$25,000 +	33.2	36.3	39.5
Sales Percentage Breakdown			
Breakfast	10.7%	12.1%	14.0%
Lunch	47.1	45.7	46.1
Dinner/Supper	36.9	37.4	37.5
Other	5.3	4.8	2.4

Source: *NRN* research

**NRN* estimate

*Due to wholesale price changes

OPERATING HIGHLIGHTS OF BURGER CHAINS

	1983	1984*
Food Sales	100.0%	100.0%
Food Cost	34.4	33.3
Supplies	4.0	4.0
Labor Cost, Benefits	24.5	24.0
Utilities	3.4	3.6
Advertising, Promotion	4.5	4.8
Administrative, General	6.1	6.0
Repairs, Maintenance	1.4	1.6
Rent, Property Tax, Insurance	8.0	8.0
Depreciation	2.5	2.8
Interest	1.8	1.5
Total	90.6	89.6
Pretax Profit	9.4	10.4

Source: *NRN* research

**NRN* estimate

SALES AT BURGER CHAINS

Menu Items	Average Weekly Dollar Sales per Restaurant 1983	1984*	Per Cent of Total Sales 1983	1984*	Average Number of Items Sold per Week 1983	1984*	Per Cent of Items Sold 1983	1984*	Average Menu Prices 1983	1984*
Principal Specialty Burger	$ 1,833	$ 1,772	12.0	10.5	1,282	1,181	8.1	7.3	$1.43	1.50
Principal Specialty Burger With Cheese	1,283	1,350	8.4	8.0	828	818	5.2	5.1	1.55	1.65
Hamburger, All Other, Plain	1,359	1,553	8.9	9.2	1,235	1,350	7.8	8.4	1.10	1.15
Cheeseburger, All Other, Plain	1,054	1,199	6.9	7.1	850	922	5.4	5.7	1.24	1.30
Chicken	1,192	1,350	7.8	8.0	596	628	3.7	3.9	2.00	2.15
Fish Sandwich	336	421	2.2	2.5	280	301	1.8	1.9	1.20	1.40
Other Sandwiches	626	726	4.1	4.3	348	382	2.2	2.4	1.80	1.90
Combination Platter	765	759	5.0	4.5	306	292	1.9	1.8	2.50	2.60
French Fries	1,848	1,924	12.1	11.4	2,843	2,788	17.9	17.3	0.65	0.69
Carbonated Beverages	2,001	2,397	13.1	14.2	3,638	3,687	22.9	22.8	0.55	0.65
Milk	46	51	0.3	0.3	121	119	0.8	0.7	0.38	0.43
Coffee	367	422	2.4	2.5	918	938	5.8	5.8	0.40	0.45
Milkshakes	504	523	3.3	3.1	720	697	4.5	4.3	0.70	0.75
Desserts	336	338	2.2	2.0	560	520	3.5	3.2	0.60	0.65
Breakfast Items	1,650	2,009	10.8	11.9	1,269	1,435	8.0	8.9	1.30	1.40
Other Items	76	84	0.5	0.5	86	91	0.5	0.5	0.88	0.92
Totals	$15,276	$16,878	100.0	100.0	15,880	16,149	100.0	100.0		

Source: *NRN* Research

**NRN* estimate

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INTERNATIONAL MARKETS

Turning the corner to profits—Pp. 31-43

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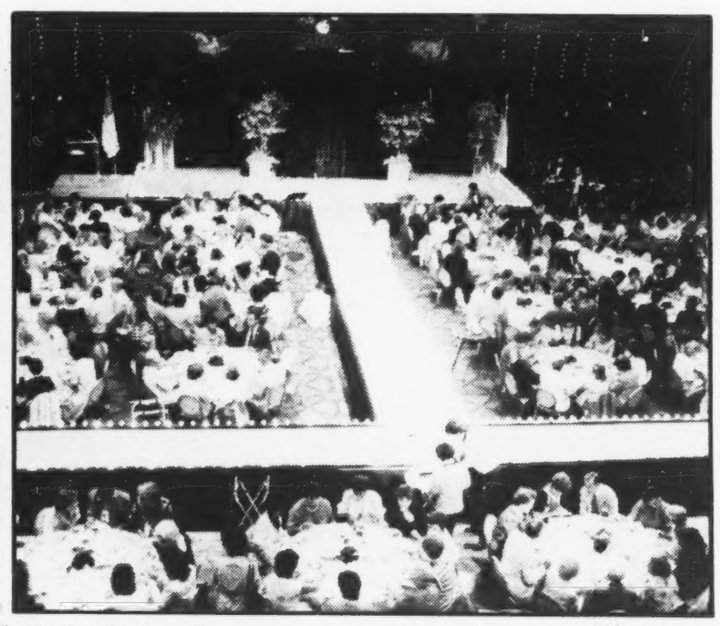


Events such as a Mexican Food Tasting Festival (left) helped promote local restaurants during the convention; major hotels such as the Fairmont (right) hosted banquets.

Dallas restaurants stem tide of recent special event losses

By Marilee Hartley

DALLAS — Aware of the drain on business that attended other special events this summer, restaurateurs here took the bull by the horns during the Republican. National Convention last month.

Employing unusual marketing techniques, they were able to reap benefits denied their counterparts in San Francisco (Democratic Convention), Los Angeles (Summer Olympics) and New Orleans (World's Fair).

Special food-tasting events and parties aimed at conventioneers and out-of-town journalists helped increase sales 20% to 30% at dozens of establishments in or near the downtown area.

In addition, 36 chains and independents joined in cooperative newspaper ads reminding their regular patrons that delegates would be in sessions during the normal dinner hours and inviting them to take advantage of the lull for a leisurely meal out.

In outlying areas many restaurateurs said it was business as usual, but without the loss of regulars experienced in other cities during special events.

(Continued on page 92)

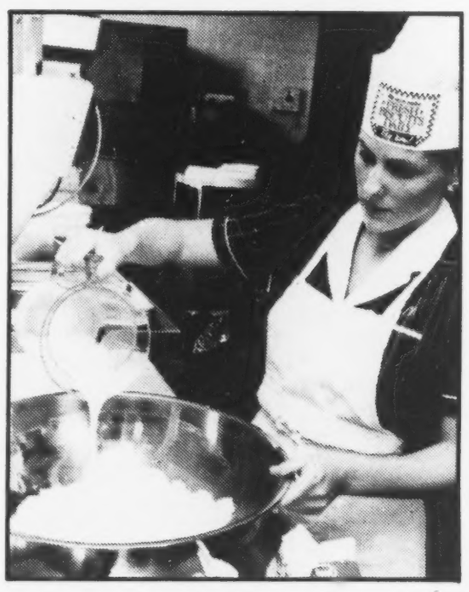
Tests two new burgers

McD rolls McBiscuits northward

OAK BROOK, Ill. — After a summer of triumph and tragedy, McDonald's certainly deserves a break—but it isn't taking one.

Instead, the chain is moving to fend off competition at breakfast by adding biscuits in New England; trying to capitalize on current food trends by testing two new burgers; increasing its already huge TV ad spending, and developing unconventional sites on Navy bases and at a roadside travelers' service center.

Premise-made breakfast biscuits, which replaced frozen biscuits earlier this year at 2,000 units in the South, are being tested at 200 McDonald's restaurants in New England in what may be a prelude to a national rollout. This is the first time McDonald's is selling biscuits outside the South.



Premise-made biscuits, available in 2,000 units in the South, are now being tested in 200 in New England.

Two new burgers—one a fancy patty weighing ⅓ lb. before cooking and called a Cheddar Melt and the other a reduced-calorie version of the Big Mac that is named, appropriately enough, the Lite Mac—are being tested at a handful of units in scattered markets. Arby's, Wendy's, Burger King and other fast-food chains are also testing large burgers.

Meanwhile the chain is building a 6,000-sq.-ft. restaurant, about twice the size of a typical McDonald's, at a multiuse complex dubbed McStop in

(Continued on page 92)

Texas scene of dramatic American cuisine shifts

By Susan Spedalle

DALLAS — Deep in the heart of the Lone Star State, restaurant entrepreneurs and talented chefs are creating culinary trends whose influence cannot be contained in a state even as big as Texas.

Those who will attend the MUFSO '84 convention, to be held later this month in Dallas, and other visitors to Texas will find that the mesquite grilling, barbecue and Tex-Mex operations that made this area famous are still going strong. In fact, menus ranging from tortillas and fajitas to more sophisticated fare can now be found in many cities besides Dallas and Houston. (A special section on Texas Food Trends begins on page 56.)

But having laid their claim to fame with stick-to-the-ribs fare, Texan chefs went right ahead and developed a new twist on American cuisine—sophisticated nouvelle Southwestern food. By using indigenous ingredients and the techniques of French and Mexican cooking, a new crop of young chefs are serving game, black beans, tortillas and even tequila-soaked limes in entrées with $15 to $20 price tags.

The fact is that the new Southwestern cuisine with its barbecuing, smoking and hot chili sauces would not have made it today if the pillars of this state's restaurant society had not inspired the latest generation of chefs.

It was because of people like Sonny Bryan that the craze for sauced and smoked meats spread far and wide. The late Francis X. Tolbert, in his unending search for the perfect chili, did as much as the summer heat to stir up impassioned arguments over the contents of a "bowl of red."

And 15 years ago, when Ninfa Laurenzo was still wearing an apron and her sons were dishing up Mama's Mexican home cooking, no one in or out of the state of Texas had yet dreamed of the

(Continued on page 92)

Shoney's marching on Marriott's market

By Don Jeffrey

NEW YORK — Shoney's and Marriott's Big Boy are heading for a fierce market-share battle in the family restaurant segment now that Shoney's has seceded from the Big Boy system.

Appearing at a recent meeting of New York securities analysts, Shoney's president Gary Spoleta disclosed plans for eventual nationwide expansion of the company's family restaurant division. Larger units are being built, and new territories are being granted to eager franchisees, he said.

Spoleta also said that Marriott's Big Boy chain would be in "a great deal of difficulty unless serious, substantial changes are made." He refused to elaborate.

Contacted later, Marriott vice president Edward Doherty said he would disclose on Oct. 1 the new refranchising and marketing plans for the 853-unit Big Boy chain. Doherty earlier had expressed the "highest regard" for Shoney's operations, but he said he believed one reason for Shoney's success has been a lack of serious competition. "I think there's room for both of us," he added.

Marriott plans to open Bob's Big Boy restaurants in the 11 states it once franchised to Shoney's. Spoleta, meanwhile, said that Shoney's will move slowly from its Southeastern base into Florida, Texas, Okla-

(Continued on page 92)

LATE NEWSBREAKS

Thomas J. Russo has resigned as president of the Howard Johnson restaurant group (Ground Rounds, Howard Johnson restaurants and some lodges, turnpike and manufacturing divisions) after 21 years with the company. G. Michael Hostage, chairman and president, said Russo would not be replaced and that his duties would be divided among various executives.

A Senate subcommittee has called for the ouster of Hotel Employees and Restaurant Employees International president Edward T. Hanley and six other union leaders who refused to answer congressional questions about the union's alleged links to organized crime.

John Long, 38, has been named president of Brock Hotels' Unique Concepts Corp., which was created to convert more than 30 poorly performing ShowBiz Pizza units to "adult watering holes."

Smith resigns as Steak & Ale chairman

By Charles Bernstein

DALLAS — Saying that "there's a void in the entrepreneurial flame at this stage of my career," Hal W. Smith has resigned as S&A Restaurants' chairman and chief executive just a year after moving up to succeed Norman Brinker, 52, in the post. Brinker himself left the Pillsbury empire for a new "entrepreneurial" opportunity.

Smith's departure immediately fueled speculation that he might become a franchisee of Chili's, which has been moving rapidly in the gourmet-burger wars under Brinker as chairman and Larry Lavine as founder-president. A number of former S&A executives are now with Brinker, including former Bennigan's executives Chris Sullivan and Robert Basham, Chili's joint venture partners, and Ron McDougall, Chili's marketing executive vice president.

Smith declined to confirm he has had any offer from Chili's, saying only, "I have a few entrepreneurial options now in this industry. After 13 years at S&A, I felt that at age 38 it was time for me to try something in less of a large corporate environment."

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Hal Smith

FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

46 Gainers
19 Unchanged
Losers **32**

Volume leaders

Company Name	The Week's volume
Diversifoods	15,873
PepsiCo Inc	12,584
Am Motor Inns	11,089
Chi – Chi's	8,288
McDonald's Cp	7,588

Top five gainers

Company Name	The Week's Volume	Latest Closing Prices	% Price Change Last Two Weeks
Capt Crab Inc	3,720	2.75	+ 37.5
Kelly – Johnston	1,981	5.00	+ 29.0
Primo Inc	403	3.38	+ 22.7
Servico Inc	123	22.00	+ 15.8
SIS Cp	35	5.75	+ 15.0

Top five losers

Company Name	The Week's Volume	Latest Closing Prices	% Price Change Last Two Weeks
Victoria Stations	704	5.00	– 24.5
Fast Food Oper	717	1.25	– 23.1
1 Potato 2	37	6.38	– 15.0
Peoples Rest	1,014	1.50	– 14.3
Good Taco	174	2.63	– 12.5

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended 8/22/84							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
Name	Symbol	High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct				Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$	-
A&M Food Svcs	AMFD	5.38	5.13	5.38	.38	7.50	8.75	4.00	.10	.53	-6.79	1.09	.40	.39	S	NC	6.0	4.3	13.8	.00	.0	00-00-00	25.4	1.1	2.5	1.21	2.19	1283
Acapulco Rest	ALAR	4.63	4.50	4.50	-.13	-2.70	7.00	3.88	-.28	-.46	2.37	32.50	-2.05	-1.90	S	-117.6	-74.0	-12.9	NE	.00	.0	01-06-81	37.9	-4.9	1.8	6.37	1.01	1083
Alleghy Bev	ABEV	16.50	15.50	16.38	.75	4.80	18.75	13.19	-.27	-.44	1.04	-42.09	1.67	.18	Q	12.0	39.0	2.1	9.7	.40	2.4	04-06-84	526.1	10.8	1.8	30.14	9.98	1283
Am Motor Inns	INN	19.75	19.00	19.75	.75	3.95	19.75	12.50	.92	.34	6.32	52.11	1.26	.01	S	.8	34.0	8.6	17.3	.15	.8	05-21-84	162.5	13.9	1.8	6.02	7.95	0783
ARA Services	ARA	53.50	50.00	51.00	.75	1.49	55.75	40.25	-.60	-.62	-7.28	-19.85	4.37	1.11	N	28.9	-1.0	1.7	10.3	2.10	4.1	08-27-84	3056.6	52.0	1.1	23.29	46.15	0983
Assoc Hosts	AHST	11.88	10.88	11.75	.00	.00	17.50	10.50	-.80	.77	-3.23	-5.70	.72	.46	S	115.0	1.0	3.6	13.7	.12	1.0	06-05-84	88.3	3.2	1.3	5.25	5.71	0983
Beefsteak Char	BCS	3.13	2.88	3.13	.13	4.17	7.13	2.63	-.25	1.25	-5.57	19.11	-1.30	-2.34	Q	-285.3	-53.0	-7.0	NE	.00	.0	00-00-00	95.2	-6.7	1.7	3.13	3.54	1083
Bob Evans Farms	BOBE	17.50	17.00	17.38	.13	.72	24.25	14.75	-.17	-.65	1.71	-38.89	.98	.09	F	10.1	16.0	8.0	17.7	.30	1.7	08-06-84	201.7	16.1	3.0	.00	5.54	0483
Brock Hotel Cp	BHC	4.88	4.25	4.50	-.38	-7.69	8.50	4.25	-.60	-1.65	5.02	-20.24	.17	-.01	Q	NC	-14.0	.7	NE	.10	2.2	07-05-84	319.8	2.2	.8	15.66	4.47	1283
Calibre Cp	CLBR	4.50	4.00	4.00	-.25	-5.88	11.00	3.25	-.44	-3.29	-1.51	-16.29	.07	-.20	S	NC	-67.0	3.2	NE	.00	.0	00-00-00	6.3	.2	.9	.60	2.12	0783
Calny Food	CLNY	9.25	8.75	9.25	.50	5.71	10.75	7.25	-.55	.31	-5.58	6.62	.52	.13	Q	27.6	6.0	4.8	15.4	.16	1.7	08-08-84	43.6	2.1	1.3	.66	3.76	0284
Capt Crab Inc	CRAB	2.88	1.88	2.75	.75	37.50	8.38	1.63	.11	.25	4.46	11.74	.00	.00	Q	NC	NC	.0	NC	.00	.0	00-00-00	1.5	.0	7.5	.01	.29	0883
Carrols Cp	CRL	9.00	8.38	8.63	.00	.00	11.88	7.13	-.43	-.79	.64	10.14	.50	.26	Q	83.8	99.0	3.7	15.1	.05	.6	12-23-83	84.2	3.1	.8	3.66	2.42	0583
Chi-Chi's	CHIC	17.63	16.00	17.50	.75	4.48	29.00	12.50	.29	1.16	-3.58	6.99	.66	.26	F	65.0	121.0	10.3	26.5	.00	.0	09-28-83	161.7	16.7	2.6	1.87	1.62	0483
Chilis Inc	CHLI	19.75	18.25	19.75	1.50	8.22	19.75	12.75	.65	.66	-.48	7.86	.29	.17	N	NC	2.0	6.4	NM	.00	.0	00-00-00	31.2	2.0	1.3	1.82	.63	0683
Ch Full O Nut	CHF	10.38	9.75	10.00	.13	1.27	20.28	8.50	-.13	-.27	-6.35	9.77	.62	-.18	N	-32.7	-6.0	2.9	27.0	.48	4.8	06-29-84	111.6	3.2	2.9	.33	6.50	0783
Churchs Fr Ch	CHU	29.88	27.13	28.75	1.00	3.60	32.50	21.25	-.13	.63	2.82	18.93	1.66	-.62	Q	-28.0	.0	6.8	18.1	.80	2.8	07-23-84	464.1	31.6	1.8	.62	11.74	1282
Collins Foods	CF	23.25	20.88	23.00	1.25	5.75	23.25	14.88	.46	1.03	5.15	10.96	1.47	.30	N	21.4	27.0	3.8	13.5	.20	.9	06-21-84	324.4	12.4	1.8	4.14	8.71	0483
Concept Dev	CDII	15.75	15.75	15.75	.00	.00	17.69	11.63	-.59	-.54	-12.89	-37.76	.06	.46	S	NC	86.0	1.3	34.2	.00	.0	06-12-84	7.8	.1	1.0	.32	1.59	0683
Consul Corp	CNSL	9.25	8.38	8.50	-1.00	-10.53	18.75	7.50	-1.21	-1.66	-1.05	-14.55	.32	.06	F	23.0	35.0	2.2	26.6	.00	.0	00-00-00	63.7	1.4	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	23.50	22.25	22.25	-1.00	-4.30	25.75	15.75	.30	-1.63	1.84	-14.84	.86	.06	N	6.8	24.0	4.4	23.9	.14	.6	06-04-84	45.7	2.0	4.1	2.64	7.33	0783
Cucos Inc	CUCO	4.00	4.00	4.00	.00	.00	5.00	3.50	-.65	-.51	2.75	-66.67	.19	.19	F	NC	NC	8.3	21.1	.00	.0	00-00-00	2.4	.2	.7	20.00	50.00	0683
Denny's Inc	DEN	39.50	38.50	39.38	.75	1.94	41.38	29.00	-.53	-.32	2.98	-39.59	2.54	.26	N	10.3	12.0	3.8	14.2	.72	1.8	06-05-84	1054.6	40.2	1.7	17.92	17.17	0683
Disney, Walt	DIS	58.88	54.75	56.50	.50	.89	68.50	45.25	-.06	-.90	-6.08	-12.35	2.70	.21	N	7.3	-3.0	7.1	18.5	1.20	2.1	06-07-84	1307.4	93.2	1.4	10.04	40.58	0983
Diversifoods	DFDI	13.75	11.75	12.75	-1.00	-7.27	21.88	10.50	.23	-.79	1.31	33.05	.99	-.13	S	-11.7	63.0	6.8	13.0	.17	1.3	06-22-84	484.3	32.9	1.1	2.68	5.48	1283
Dunkin Donuts	DUNK	25.00	23.38	25.00	-.38	-1.48	26.25	18.13	.09	.56	2.04	32.86	1.62	.23	S	15.1	24.0	10.2	14.3	.32	1.3	08-13-84	77.5	7.9	.9	5.93	9.56	1083
El Torito Rest	ET	13.25	11.88	12.63	.00	.00	13.38	9.00	.57	-.59	.25	29.09	NA	NA		NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Esteban Foods	ESTB	2.13	1.75	2.13	.25	13.33	5.00	1.75	-.93	1.00	3.12	-1.83	.09	.31	F	NE	-57.0	1.9	23.6	.00	.0	00-00-00	10.3	.2	1.3	.73	.81	1283
Frisch's	FRS	32.38	31.25	31.75	.00	.00	32.94	22.84	-.15	-.62	.64	-37.72	2.21	.29	F	15.1	22.0	4.0	14.4	.40	1.3	06-27-84	124.0	4.9	1.3	5.73	14.56	0583
Fuddruckers Inc	FUDD	12.50	11.38	12.50	.88	7.53	17.50	9.25	.03	1.57	-.44	22.79	.06	.02	Q	NC	7.0	2.0	NM	.00	.0	00-00-00	10.0	.2	4.9	.56	1.26	1283
Garcias Scot	GMEX	4.63	4.25	4.50	-.13	-2.70	10.88	4.00	-.71	-.46	-.86	30.55	-.48	-.09	Q	NE	1.0	-6.1	NE	.00	.0	00-00-00	36.2	-2.2	.9	.55	3.61	1283
Gen Mills	GIS	54.88	53.13	54.50	.00	.00	57.00	41.63	-.29	-.04	-.83	-17.00	4.98	.09	F	1.8	15.0	4.2	10.9	2.24	4.1	07-03-84	5600.8	233.4	1.2	9.71	25.68	0583
Good Taco	TACO	3.13	2.63	2.63	-.38	-12.50	7.38	1.50	-.37	-3.49	-1.91	3.10	-.72	-.39	Q	NE	-63.0	-187.5	NE	.00	.0	00-00-00	.8	-1.5	8.7	.04	1.56	0284
Hambrg Hamlet	HAMB	10.75	10.75	10.75	-.25	-2.27	12.00	9.50	-.63	-.51	1.83	33.33	1.54	2.64	F	NE	-14.0	3.1	7.0	.00	.0	00-00-00	35.5	1.1	1.0	20.86	11.96	0383
Hilton Hotels	HLT	52.13	49.75	50.25	-1.75	-3.37	59.50	45.50	-.13	-1.10	5.06	3.44	3.20	.30	S	10.2	-1.0	14.0	15.5	1.80	3.6	08-31-84	611.6	85.9	2.6	9.06	23.73	1283
Holiday Inns	HIA	44.88	42.63	42.88	-2.13	-4.72	57.25	37.25	.21	-.81	-.61	8.66	3.28	.41	S	14.1	12.0	7.8	13.0	.90	2.1	06-11-84	1585.1	124.4	.7	12.90	27.76	1283
Horn & Hardart	HOR	14.88	13.00	13.38	-1.25	-8.55	26.63	10.72	-.41	-1.03	-1.11	20.08	1.09	.35	Q	46.6	71.0	4.0	12.2	.00	.0	08-15-84	339.7	13.5	1.1	3.01	7.81	1283
Hungry Tiger	HTIG	6.00	5.50	5.50	-.75	-12.00	10.75	4.25	.47	-.56	-2.17	-2.78	.00	-.78	N	-130.0	-17.0	.0	NE	.00	.0	11-15-82	63.8	.0	.9	4.75	3.66	0883
Intl Dairy Queen	INDQ	39.50	39.50	39.50	.00	.00	40.00	29.50	-.46	-.51	-2.49	-51.27	2.94	.70	S	27.6	54.0	6.2	12.2	.00	.0	00-00-00	115.7	7.2	1.0	11.31	7.21	1183
Int King Tab	IKNG	19.00	18.00	18.75	.25	1.35	23.00	12.50	.50	-.13	5.81	28.91	1.40	.48	F	52.1	74.0	4.9	13.4	.00	.0	08-15-83	78.2	3.8	.4	5.16	3.18	0683
JB's Rest	JBBB	15.38	13.75	15.38	1.63	11.82	17.00	10.38	.47	.78	4.17	39.07	1.00	.07	N	6.7	20.0	4.1	13.9	.20	1.3	05-07-84	53.3	2.2	1.0	5.17	7.42	0983
Jerrico Inc	JERR	17.13	16.63	17.00	.13	.74	20.63	11.88	.25	-.28	1.13	10.88	1.28	-.05	F	-3.7	11.0	4.1	13.3	.12	.7	05-07-84	496.5	20.4	1.8	5.03	10.28	0683
Kapok Cp	KPK	3.13	2.88	2.88	-.13	-4.17	8.63	2.88	-.73	-2.15	-4.77	-28.38	-1.29	-.92	F	NE	-52.0	-22.0	NE	.00	.0	00-00-00	12.3	-2.7	.7	1.74	2.45	0983
Kelly-Johnston	KEJO	5.00	2.63	5.00	1.13	29.03	17.50	2.63	-1.11	12.54	4.74	-5.91	.40	-.31	N	-75.6	16.0	6.3	50.0	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	28.00	26.75	27.75	.25	.91	43.75	18.75	-.05	-.62	1.78	42.36	1.32	.34	S	28.5	23.0	4.0	18.1	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Luby's Cafe	LUB	39.25	37.13	38.63	.88	2.32	39.75	31.50	.20	-.18	4.16	16.22	1.53	.31	N	20.9	27.0	9.8	21.6	.60	1.6	06-04-84	141.4	13.9	1.6	.60	7.80	0883
Marcus Corp	MRCS	14.50	14.00	14.50	.50	3.57	14.88	11.38	.28	-.17	-4.55	-37.37	1.28	.13	N	10.6	6.0	6.1	10.7	.28	1.9	07-10-84	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	76.25	73.50	75.50	1.50	2.03	77.25	58.50	.09	-.08	-.17	10.21	4.15	.80	S	21.5	30.0	3.8	16.7	.44	.6	09-17-84	3036.7	115.2	.8	39.87	23.37	1283
Maverick Rest	MAVR	6.25	6.00	6.00	-.25	-4.00	7.00	4.13	.25	-1.19	6.47	-5.77	.13	.15	Q	NC	98.0	9.5	40.0	.00	.0	00-00-00	6.3	.6	2.3	.06	.82	0184
McDonald's Cp	MCD	80.75	78.13	79.00	.25	.32	80.75	57.38	.17	-.62	1.35	-2.94	5.74	.78	Q	15.2	23.0	11.2	13.4	1.16	1.5	07-24-84	3062.9	342.6	.0	.00	.00	1283
Morrison Inc	MORR	18.25	17.88	18.13	.13	.69	20.75	13.13	-.09	-.15	-2.26	5.76	1.34	.14	N	10.9	13.0	4.5	12.8	.40	2.2	07-16-84	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	2.13	2.00	2.13	.00	.00	3.47	1.88	-.07	1.00	-.45	57.16	.15	.10	N	NE	-33.0	1.1	NE	.00	.0	03-26-84	63.2	.7	1.3	1.34	1.42	0983
Nathans	NATH	2.50	2.25	2.50	.13	5.26	3.63	1.88	-.02	1.93	1.09	39.13	.20	.17	Q	170.0	38.0	2.0	9.3	.00	.0	09-09-83	20.0	.4	.8	.05	1.79	0383
Naugles Inc	NAUG	9.25	8.63	9.25	-.13	-1.33	21.75	7.25	-.04	-.41	1.88	-25.71	-1.09	-1.79	F	-255.7	-31.0	-4.4	NE	.00	.0	11-01-82	114.8	-5.1	.8	6.57	4.96	0683
1 Potato 2	SPUD	7.50	6.25	6.38	-1.13	-15.00	12.50	6.25	-1.20	-2.56	-1.31	-44.44	.05	.73	F	NE	NC	1.1	NM	.00	.0	00-00-00	9.3	.1	1.2	.98	3.63	0284
Ogden Corp	OG	30.25	27.63	29.50	.63	2.16	34.38	24.50	-.24	.81	.42	20.67	2.64	.60	Q	30.1	-8.0	3.0	11.4	1.80	6.1	09-10-84	1727.8	52.5	1.9	15.29	18.87	1283
Old Fashion Fd	OFFI	5.00	4.75	5.00	.00	.00	9.00	4.75	-1.02	.50	.34	17.86	.60	.12	N	22.2	25.0	6.3	7.6	.00	.0	00-00-00	9.5	.6	1.7	3.01	3.01	0583
Pancho Mex Buffet	PAMX	8.00	7.75	8.00	.00	.00	8.88	5.88	.41	-.34	2.27	25.18	.43	.12	N	29.2	61.0	4.8	15.1	.10	1.3	09-08-83	25.1	1.2	1.2	.11	2.75	0983
Peoples Rest	PEPL	1.63	1.38	1.50	-.25	-14.29	13.00	1.25	-.76	-.70	-.89	26.29	.28	-.32	N	-160.0	115.0	7.5	NE	.00	.0	00-00-00	25.3	1.9	1.3	1.86	4.41	0683
PepsiCo Inc	PEP	45.00	42.25	44.00	1.25	2.92	45.00	32.63	-.21	-.02	.44	6.86	3.01	.17	Q	5.7	3.0	4.0	14.1	1.68	3.8	06-04-84	7093.6	284.1	1.3	8.76	19.18	1283
Piccadilly Caf	PICC	24.25	22.75	23.13	-.75	-3.14	24.25	12.75	-.26	-.62	-.81	17.26	.99	.05	N	4.6	5.0	3.9	20.5	.60	2.6	09-10-84	152.7	6.0	1.6	.00	7.71	0683
Pillsbury Co	PSY	40.38	38.25	39.63	.88	2.26	41.50	30.75	-.06	.07	-4.06	-17.08	3.29	.96	N	32.6	13.0	3.9	10.2	1.40	3.5	07-26-84	3685.9	143.0	1.4	13.22	22.10	0583
Pizza Inn	PZA	11.88	10.63	11.38	-.25	-2.15	15.75	8.38	-.08	.09	-.11	-.85	1.14	.23	S	25.8	28.0	2.5	10.2	.08	.7	07-17-84	146.9	3.6	1.2	15.12	7.77	1283
Po-Folks	POFO	16.13	15.63	15.88	-.25	-1.55	16.75	12.63	.04	-.13	3.53	39.58	.37	.63	N	NC	9.0	1.9	25.2	.00	.0	00-00-00	69.8	1.3	1.1	4.68	4.95	0983
Ponderosa Sys	PON	19.38	17.88	19.13	.13	.66	24.88	16.88	-.67	1.23	3.56	13.81	1.51	.15	Q	9.7	-2.0	2.8	11.3	.40	2.1	06-06-84	429.1	12.1	.8	8.03	12.43	0283
Prime Mtr Inn	PDQ	25.25	24.00	24.63	.38	1.55	25.50	16.00	.58	-.61	4.09	10.06	.99	.20	S	22.4	69.0	25.4	22.6	.12	.5	06-29-84	50.0	12.7	6.9	4.83	5.90	0683
Primo Inc	PRMO	3.38	2.75	3.38	.63	22.73	7.00	2.38	.48	5.25	2.28	-10.79	.11	.11	S	NC	113.0	11.5	30.7	.00	.0	00-00-00	2.6	.3	1.6	.83	1.08	0983
Ramada Inns	RAM	7.50	6.13	6.50	-.38	-5.45	11.63	5.63	-.11	-1.47	-1.87	-35.31	.13	1.48	Q	NE	-18.0	.7	11.6	.00	.0	10-19-81	573.8	4.2	.6	18.50	5.12	1282
Rax Restaurants	RAXR	16.00	14.50	15.50	-.50	-3.13	21.50	12.50	-.23	1.32	3.09	3.45	.57	.63	Q	NC	57.0	3.8	24.6	.00	.0	00-00-00	63.0	2.4	1.7	4.33	3.63	0783
Rest Assoc	RA	8.25	7.88	8.00	.25	3.23	9.50	6.50	-.41	-.39	1.05	14.32	.88	.17	Q	25.0	23.0	1.9	9.4	.00	.0	00-00-00	118.8	2.2	1.0	6.40	8.21	1283
Rest Systems	RSYS	14.25	13.25	14.00	.00	.00	14.25	9.00	.17	-1.03	-1.39	-11.47	.72	.75	Q	NC	19.0	4.7	18.7	.00	.0	00-00-00	29.6	1.4	1.8	1.21	5.19	1283
Ritzys G D	RITZ	5.75	5.25	5.75	.00	.00	12.75	3.50	.89	.37	-9.73	-23.71	-.17	-.11	S	NE	-56.0	-9.6	NE	.00	.0	11-25-83	8.3	-.8	.7	.17	2.29	1283
Ryans Fam Steak	RYAN	22.50	21.50	22.50	1.00	4.65	26.75	15.50	.17	-.15	-.04	-2.83	.52	.27	S	71.0	59.0	10.8	34.6	.00	.0	04-20-83	19.5	2.1	8.2	.19	3.89	1283
Saga Corp	SGA	35.00	32.63	33.50	.00	.00	36.25	24.63	.28	-.17	3.58	-5.73	2.10	.52	S	29.7	64.0	2.3	14.8	.44	1.3	08-20-84	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	8.75	8.25	8.75	.75	9.38	14.25	6.75	.31	-.51	3.76	-57.73	.55	-.15	F	-21.4	7.0	2.7	15.9	.00	.0	00-00-00	25.6	.7	1.5	.08	5.38	0683
Sea Galley	SEAG	9.25	8.50	9.00	.00	.00	13.25	7.50	-.50	.46	5.92	2.83	.23	.86	S	600.0	20.0	1.2	10.3	.00	.0	06-02-81	73.0	.9	.6	5.06	3.18	1283
Servico Inc	SRVI	22.00	19.00	22.00	3.00	15.79	24.50	13.50	-.34	.88	-7.77	-38.63	1.19	.89	S	156.1	19.0	2.5	15.1	.00	.0	09-09-83	151.0	3.7	1.1	59.39	6.82	1283
Shoney's Inc	SHON	33.50	32.38	32.75	-.63	-1.87	33.50	20.00	.46	-.94	-1.40	14.72	1.17	.28	S	27.4	34.0	6.0	25.2	.16	.5	06-19-84	392.8	23.4	1.6	2.64	6.83	1083
Shoneys South	SHNS	20.63	19.25	20.50	1.00	5.13	20.63	13.75	.43	-.37	5.96	37.68	1.24	.44	S	45.3	33.0	3.5	14.5	.00	.0	00-00-00	142.0	4.9	.7	3.51	8.76	1283
SIS Cp	SISB	5.75	5.00	5.75	.75	15.00	11.50	5.00	-.87	-.19	-1.09	-32.20	.14	.13	F	300.0	65.0	4.4	41.1	.00	.0	00-00-00	4.5	.2	6.0	.97	2.65	1283
Sizzler Rest Intl	SIZZ	17.75	15.50	17.50	1.25	7.69	17.75	8.75	1.12	.65	9.69	-17.67	1.01	.08	N	8.3	15.0	4.5	16.8	.00	.0	00-00-00	128.0	5.8	2.3	1.49	6.27	0483
Skippers	SKIP	9.75	9.00	9.63	.13	1.32	13.25	8.00	-.41	-.29	2.55	-5.03	.81	-.01	S	-1.2	24.0	4.0	12.2	.06	.6	04-02-84	50.5	2.0	1.3	1.84	6.39	1283
Sonesta Hotel	SNSTA	18.50	18.50	18.50	.00	.00	22.00	16.50	-.45	-.52	9.99	.00	1.02	-.94	Q	-118.9	-17.0	2.3	NE	.30	1.6	06-04-84	73.4	1.7	.7	41.07	6.99	1283
Transworld	TW	31.00	29.50	29.88	-.25	-.83	33.53	19.19	.19	-.35	1.20	-25.11	1.30	5.38	S	538.0	77.0	3.2	4.7	.40	1.3	08-09-84	1889.2	60.2	1.2	7.79	13.90	1283
Vicorp Restaurants	VRES	19.88	19.25	19.50	-.25	-1.27	22.00	12.88	.54	-.75	3.72	-19.36	.85	.41	S	65.0	57.0	5.1	18.8	.12	.6	03-23-84	93.8	4.8	1.0	6.03	5.30	1083
Victoria Stations	VSTA	6.50	5.00	5.00	-1.63	-24.53	9.63	5.00	-1.09	-5.39	3.47	3.46	-1.02	-.44	N	NE	-61.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Vie De France	VDEF	15.25	14.38	15.25	.88	6.09	15.25	10.50	.69	.16	1.70	28.38	.47	.47	F	NC	126.0	10.0	32.4	.11	.7	06-11-84	43.1	4.3	1.2	.18	1.08	0683
Wendys Intl	WEN	20.25	19.63	19.88	.13	.63	20.50	11.16	.19	-.52	-.92	-1.16	1.01	.27	S	30.3	22.0	7.7	17.1	.24	1.2	08-06-84	715.1	55.2	.7	1.59	5.67	1283
Wstn Steer	WSMP	11.00	10.50	10.50	-.50	-4.55	13.50	9.00	-.85	-.71	1.79	16.67	1.02	.07	Q	7.1	4.0	3.3	10.0	.16	1.5	06-05-84	36.1	1.2	1.6	5.02	10.04	0284
Winners Cp	WNR	11.88	11.38	11.50	-.13	-1.08	16.25	7.75	.32	.00	-1.22	13.44	.63	-.06	Q	-9.2	12.0	3.3	19.5	.00	.0	03-10-83	88.2	2.9	1.2	10.20	7.31	1283

Footnotes:
NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

FINANCIAL NEWS

First loss in its 16-year history

Red Lobster leads 53% decline at Gen. Mills restaurant group

MINNEAPOLIS — After writing off $32.7 million to close 34 Red Lobster and 20 York Steak House restaurants in the fiscal year ended May 27, the General Mills restaurant group posted $37.3 million in pretax profit, a 53% drop from the year before.

Tax benefits, however, softened the blow. The five-chain, 600-restaurant division showed aftertax profit of $54.4 million, a 32% decline.

The declines were the first in the Orlando, Fla.-based group's 16-year history. The results had been expected since February, when restaurant executives began saying privately they expected a 10% setback.

Without the one-time write-offs, pretax profit in the restaurant group would have been $70 million, a 13% decline.

General Mills said the profit falloff was caused by lower customer counts and earnings at the flagship Red Lobster seafood dinnerhouse chain.

Red Lobster, which finished the year with a net gain of seven units to 367, had sales of $775 million, an 8% advance. Annual sales per restaurant remained flat at $2.1 million.

The restaurant group's overall sales rose about 10% to $1.08 billion, or 13% excluding discontinued operations.

Customer counts at Red Lobster began to recover in the final months of the year with new menu items, including pasta dishes, and heavy discounting.

General Mills has earmarked $104 million over two years to refurbish Red Lobster units with mesquite grills and oyster bars. Capital spending for the restaurant group last year was $82.3 million, down 24% from 1983.

The first eight remodeled Red Lobsters, including seven in Denver, were opened by July. Houston and Chicago were next on the construction schedule. About 200 makeovers are due by June 1985.

Meanwhile General Mills disclosed that two units were added to an experimental Italian restaurant concept, dubbed Olive Garden, bringing the total to three.

York Steak House, with 130 remaining units, continued its repositioning from a budget steak concept to a broader operation with fish entrées, a salad bar, sandwiches and burgers—all at lower price points.

Casa Gallardo built 10 new units, ending the year with 34 restaurants. Darryl's had 32, up from 28. And Good Earth numbered 23, up from 16.

General Mills' restructuring of the restaurant group coincides with a major asset-redeployment program at the consumer products giant.

Companywide, General Mills posted pretax profit of $398.7 million, a 3% decline from the previous year; net profit of $233.4 million, a 5% slump.

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Swensen's swaps stock for Foremost Inc. factories

PHOENIX — Swensen's Inc., franchisor of the 380-unit chain of ice cream restaurants, has acquired ice cream factories in Los Angeles and Fort Worth from Foremost Dairies Inc. of San Francisco in exchange for 2.4 million shares of Swensen's stock.

The transaction gives Foremost, a privately held company, 43% control of Swensen's, reducing the stake of financier Karl Eller, who purchased Swensen's in 1980 and brought it public in November 1983. Eller had held 67% of Swensen's stock; he now holds 38%.

There were about 3.2 million shares of Swensen's stock outstanding before the merger.

Foremost and Eller have agreed that each will elect four directors to the nine-seat Swensen's board, with the ninth being Swensen's president, currently E. Christian Schoenleb. But the board would need a two-thirds majority to act.

"This is the biggest step in our history," said Schoenleb. "It positions our company to become a significant factor in the rapidly growing supermarket premium ice cream market."

The agreement, Schoenleb said, will "more than justify the dilution [of shareholder equity] in terms of earnings." Revenue, he said, "will more than quadruple."

In recent years competition for shelf space in grocery stores for ice cream has grown intense. Pillsbury acquired Häagen-Dazs last year, and now other consumer food makers are gearing up.

MARKET UPDATE

Diversifoods tops volume list as stock market slows

NEW YORK — As the stock market paused to take a breather amid a volume-cracking midsummer rally, listings on the *Nation's Restaurant News* stock table (page 4) also rested. There were 46 price gainers, 32 losers and 19 unchanged.

Diversifoods topped the volume listings in the second week of the two-week period, finishing down $1, to $12.75 per share. Diversifoods disclosed some personnel shifts.

American Motor Inns, which brought the Texas Bass brothers in on the Prime Motor Inns takeover, closed up 75¢ to $19.75.

Chi-Chi's was up 75¢, to $17.50. McDonald's, which declared a 3-for-2 stock split, was up 25¢, to $79.

Victoria Station, which said it was taking longer than expected to raise some needed financing, led the losers list, dropping $1.63, to $5.

Capt. Crab, which named ex-Sea Galley executive Bob Galentine as its new president, led the winners list, adding 75¢ to $2.75.

Kelly-Johnston, which posted new write-offs, closed at $5, up $1.13. Sizzler, on new earnings, gained $1.25, to $17.50.

Among some widely held issues, Walt Disney closed up 50¢, to $56.50. Disney dropped its planned acquisition of Gibson Greetings.

Wendy's gained 13¢, to $19.88. Church's closed up $1, to $28.75. There were unconfirmed reports that Church's was starting a new burger concept. Shoney's dropped 63¢, to $32.75.

Horn & Hardart was off $1.25, to $13.88. The company reportedly wants to get into the pizza business.

Chili's added $1.50, to $19.75. Ponderosa, up 13¢, to $19.13. Transworld, down 25¢, to $29.88. Morrison, off 13¢, to $18.13. Jerrico, off 13¢, to $17. Sea Galley, unchanged at $9. Shoney's South, up $1, to $20.50. Saga, unchanged at $33.50.

READ CLASSIFIEDS

FINANCIAL JOTTINGS

National Pizza offer set at $9.50

PITTSBURG, Kan. — National Pizza Co., Pizza Hut's biggest franchisee with 95 outlets, has priced its initial offering of 955,000 shares at $9.50 each.

The company netted $8.38 million, after underwriting expenses, by selling 17.5% of the outstanding stock.

National Pizza had originally intended to get $11.50 to $13 per share. But the stock market slipped in the intervening 2½ months, a spokesman said.

In order to ensure an adequate supply of shares for institutional investors, the company chose to take a lower price rather than reduce the number of shares, the spokesman said.

The smaller yield did not change National Pizza's plans to use the proceeds to pay off a bank debt and smooth the company's development in Los Angeles, according to the spokesman. National Pizza now operates mostly in the Southeast.

National Pizza has become the second major Pizza Hut franchisee to go public in a year. A&M Food Service of Tulsa, Okla., with about 92 units, raised $5.7 million in September 1983. The 4,400-unit Pizza Hut chain is owned by Pepsico Inc.

Le Bistro goes Gourmet, not public

MINNEAPOLIS — Le Bistro Inc., a 14-unit chain of French-styled mall restaurants, has abandoned a plan to go public and has agreed instead to be acquired by Gourmet Products International Corp., of Plantation, Fla., a maker and marketer of frozen prepared foods.

Terms were not disclosed. The scuttled public offering would have valued Le Bistro at $1.8 million.

Engler ready to fund new units

MINNEAPOLIS — Engler Foods Inc., which operates 19 Los Primos Mexican-styled mall restaurants, said it was completing a second round of private placement financing that would fund the opening of 15 to 20 new outlets next year.

Engler completed its first round of financing last year when it raised $500,000 by selling 340,000 shares.

Golden Corral to form trust

RALEIGH, N.C. — Golden Corral Corp., which operates 311 family steakhouses, plans to raise $10 million to finance 20 new restaurants by forming a tax-sheltered real estate investment trust.

The trust would own the restaurants and lease them back to the corporation, giving trust investors tax advantages.

EARNINGS REPORT

Company	Period	Period Ended	Revenues*	% Change	Net Income (Loss)*	% Change
Bob Evans Farms	3 mos.	7/27	$ 53.980	14.0	$4.380	6.0
Brock Hotel Corp.	3 mos.	6/29	74.820	– 5.0	(1.210)	
	6 mos.	6/29	151.020	– 2.0	(0.680)	
Consolidated Products	3 mos.	7/4	16.580	8.0	0.459	12.0
	9 mos.	7/4	51.450	8.0	1.056	39.0
Dunkin' Donuts	3 mos.	7/28	21.840	9.0	2.330	14.0
	9 mos.	7/28	66.390	10.0	7.030	16.0
El Chico	12 mos.	6/1	77.000	NA	3.600	NA
	4 mos.	6/1	25.400	28.0	4.650	55.0
Esteban Foods	3 mos.	6/30	3.330	36.0	(0.065)	
	6 mos.	6/30	6.270	33.0	(0.092)	
Garcia's of Scottsdale	3 mos.	7/15	12.560	18.0	0.218	
	6 mos.	7/15	29.830	31.0	0.015	
Golden Nugget	3 mos.	6/30	97.270	5.0	4.830	– 35.0
	6 mos.	6/30	181.190	4.0	8.670	– 38.0
Hamburger Hamlets	3 mos.	6/24	9.180	5.0	0.485	145.0
Kelly-Johnston Enterprises	3 mos.	6/30	30.560	140.0	(3.740)	
Maverick Restaurants	3 mos.	7/31	2.870	89.0	0.238	72.0
	6 mos.	7/31	5.260	78.0	0.473	82.0
Naugles	12 mos.	6/30	114.840	32.0	(5.070)	
	3 mos.	6/30	27.260	18.0	0.105	– 86.0
Noble Roman's	3 mos.	6/30	4.380	59.0	(0.024)	
	6 mos.	6/30	8.410	57.0	(0.089)	
Piccadilly Cafeterias	12 mos.	6/30	173.840	14.0	8.440	40.0
	3 mos.	6/30	45.450	14.0	2.540	180.0
Primo	3 mos.	6/30	0.856	106.0	0.087	867.0
	9 mos.	6/30	2.900	126.0	0.245	169.0
Servico Inc.	3 mos.	6/30	47.330	21.0	1.910	– 10.0
	6 mos.	6/30	90.200	25.0	2.820	46.0
Sizzler	3 mos.	7/31	39.950	12.0	2.540	29.0
Sonesta Int'l Hotels	3 mos.	6/30	23.990	12.0	2.130	– 3.0
	6 mos.	6/30	39.530	9.0	(0.004)	
Taco Villa	3 mos.	7/11	6.580	6.0	0.313	– 11.0
	6 mos.	7/11	14.720	9.0	0.698	2.0
United Inns	3 mos.	6/30	44.520	13.0	8.120	– 78.0
	9 mos.	6/30	127.500	16.0	2.430	– 59.0
Victoria Station	3 mos.	6/24	23.690	– 4.0	(0.525)	

Source: *Company earnings reports*

NA = Not Available
— loss in corresponding period
** In millions*